GOVERNMENT OF INDIA
HUMAN RESOURCE DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:16
ANSWERED ON:30.11.2015
Educational Loan
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Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether the Government has any plan to introduce an educational loan scheme without security for students in the country;

(b) if so, the details thereof and the maximum loan amount as per the scheme along with the rate of interest likely to be charged; and

(c) the time by which the said scheme is likely to be implemented?

Answer

MINISTER OF HUMAN RESOURCE DEVELOPMENT

(SMT. SMRITI ZUBIN IRANI)

(a) to (c): Department of Financial Services, Ministry of Finance, has mentioned that as per Model Educational Loan Scheme, 2015 of Indian Banks" Association, collateral security is waived up to a loan of Rs. 4 lakh. However, beyond Rs. 4 lakh and up to Rs. 7.5 lakh collateral security in the form of third party guarantee is waived off if the loan is eligible for Credit Guarantee coverage. As per the directions of Reserve Bank of India, banks are required to price their loan products, including education loans, linked with the base rates approved by their respective Boards. Banks are not permitted to resort to any lending below the base rates. Accordingly, interest rates on education loans are decided by the Banks concerned as per their approved policy. The Department of Financial Services has further stated that under the Credit Guarantee Fund Scheme for Education Loans, the maximum limit for collateral free loan is Rs. 7.5 lakhs.

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